Postal Regulatory Commission Submitted 2/15/2012 3:28:04 PM Filing ID: 80530 Accepted 2/15/2012 ORDER NO. 1234

UNITED STATES OF AMERICA POSTAL REGULATORY COMMISSION WASHINGTON, DC 20268-0001

Before Commissioners: Ruth Y. Goldway, Chairman;

Nanci E. Langley, Vice Chairman;

Mark Acton; and Robert G. Taub

West Edmeston Post Office West Edmeston, New York

Docket No. A2012-41

ORDER AFFIRMING DETERMINATION

(Issued February 15, 2012)

I. INTRODUCTION

On December 15, 2011, the Postal Service advised the Commission that it "will delay the closing or consolidation of any Post Office until May 15, 2012." The Postal Service further indicated that it "will proceed with the discontinuance process for any Post Office in which a Final Determination was already posted as of December 12, 2011, including all pending appeals." *Id.* It stated that the only "Post Offices" subject to closing prior to May 16, 2012 are those that were not in operation on, and for which a Final Determination was posted as of, December 12, 2011. *Id.* It affirmed that it "will not close or consolidate any other Post Office prior to May 16, 2012." *Id.* at 2. Lastly, the Postal Service requested the Commission "to continue adjudicating appeals as provided in the 120-day decisional schedule for each proceeding." *Id.*

¹ United States Postal Service Notice of Status of the Moratorium on Post Office Discontinuance Actions, December 15, 2011, at 1 (Notice).

The Postal Service's Notice outlines the parameters of its newly announced discontinuance policy. Pursuant to the Postal Service's request, the Commission will fulfill its appellate responsibilities under 39 U.S.C. § 404(d)(5).

On October 27, 2011, the Concerned Citizens of West Edmeston (Petitioners) filed a petition with the Commission seeking review of the Postal Service's Final Determination to close the West Edmeston, New York post office (West Edmeston post office).² Additional petitions for review were received from Jason Elias and Claudia and Jonathan Haar.³ The Final Determination to close the West Edmeston post office is affirmed.⁴

II. PROCEDURAL HISTORY

On November 4, 2011, the Commission established Docket No. A2012-41 to consider the appeal, designated a Public Representative, and directed the Postal Service to file its Administrative Record and any responsive pleadings.⁵

On November 14, 2011, the Postal Service filed the Administrative Record with the Commission.⁶ The Postal Service also filed comments requesting that the

² Petition for Review received from the Concerned Citizens of West Edmeston regarding the West Edmeston, New York post office, 13485, October 27, 2011 (Citizens Petition).

³ Petition for Review received from Jason Elias regarding the West Edmeston, New York post office 13485, November 3, 2011. This petition is identical to the Citizens Petition, to which Jason Elias also signed his name. Petition for Review received from Claudia and Jonathan Haar regarding the West Edmeston, New York post office 13485, November 4, 2011 (Haar Petition). Collectively, they will all be referred to as Petitioners.

⁴ The Commission is divided equally, 2-2, on the outcome of this appeal. In the absence of a majority, the Final Determination stands.

⁵ Order No. 948, Notice and Order Accepting Appeal and Establishing Procedural Schedule, November 4, 2011.

⁶ The Administrative Record is attached to the United States Postal Service Notice of Filing, November 14, 2011 (Administrative Record). The Administrative Record includes, as Item No. 47, the Final Determination to Close the West Edmeston, NY Post Office and Extend Service by Rural Route Service (Final Determination).

Commission affirm its Final Determination.⁷ On February 13, 2012, the Public Representative filed comments accompanied by a motion for late acceptance.⁸

III. BACKGROUND

The West Edmeston post office provides retail postal services and service to 26 post office box or general delivery customers. Final Determination at 2. Four-hundred-eleven (411) delivery customers are served through this post office. The West Edmeston post office, an EAS-13 level facility, provides retail service from 8:00 a.m. to 12:00 p.m. and 12:30 p.m. to 4:00 p.m., Monday through Friday, and 8:00 a.m. to 11:30 a.m. on Saturday. Lobby access hours are 8:00 a.m. to 4:30 p.m., Monday through Friday, and 8:00 a.m. to 12:00 p.m. on Saturday. *Id.*

The postmaster position became vacant on June 18, 2008 when the West Edmeston postmaster retired. A non-career officer-in-charge (OIC) was installed to operate the post office. Final Determination at 9, see also Administrative Record Item No. 42. Retail transactions average 35 transactions daily (35 minutes of retail workload). Final Determination at 2. Post office receipts for the last 3 years were \$15,057 in FY 2008; \$15,088 in FY 2009; and \$18,162 in FY 2010. There are no permit or postage meter customers. *Id.* By closing this post office, the Postal Service anticipates savings of \$42,705 annually. *Id.* at 9.

⁷ United States Postal Service Notice of Errata, December 23, 2011 (Postal Service Comments). The Postal Service notes that it originally filed a draft version of its comments on December 21, 2011. See United States Postal Service Comments Regarding Appeal, December 21, 2011. All citations in this Order refer to the corrected Postal Service Comments filed December 23, 2011.

⁸ Public Representative Comments, February 13, 2012 (PR Comments), *see also* Motion of Public Representative for Late Acceptance of Reply Comments, February 13, 2012 (PR Motion). The PR Motion is attached to the PR Reply Comments and indicates that the comments were filed 39 days out of time due to a period of extended leave. The PR Motion is granted.

After the closure, retail services will be provided by the Bridgewater post office located approximately 8 miles away.

Id. at 2. Delivery service will be provided by rural carrier service through the Bridgewater post office. The Bridgewater post office is an EAS-13 level post office, with retail hours of 8:00 a.m. to 1:00 p.m. and 2:00 p.m. to 4:45 p.m., Monday through Friday, and 8:00 a.m. to 11:00 a.m. on Saturday. There are 188 post office boxes are available.

Id. The Postal Service will continue to use the West Edmeston name and ZIP Code.

Id. at 7-8, Concern No. 8.

IV. PARTICIPANT PLEADINGS

Petitioners. Petitioners oppose the closure of the West Edmeston post office. Petitioners state that the Postal Service violated two sections of the Postal Operations Manual, ¹⁰ Section 123.633 (Views of Postmasters) and Section 123.643 (Other Steps), by not obtaining written comments and suggestions from the OIC and by allowing outside postmasters to participate in the discontinuance process. Citizens Petition at 1. Petitioners also claim that the Postal Service did not properly consider potential growth in the community, and state that there has been a recent influx of Amish families, who are reliant on the post office because they do not use computers. Citizens Petition at 1; Haar Petition at 1. Petitioners argue that closing small post offices will not solve the Postal Service's financial problems brought about by Congressional prefunding mandates, but will result in hardship to West Edmeston citizens. Citizens Petition at 1.

Postal Service. The Postal Service argues that the Commission should affirm its determination to close the West Edmeston post office. Postal Service Comments at 2. The Postal Service believes the appeal raises five main issues: (1) the effect on postal services; (2) the impact on the West Edmeston community; (3) the economic savings

⁹ MapQuest estimates the driving distance between the West Edmeston and Bridgewater post offices to be approximately 8.7 miles (11 minutes driving time).

¹⁰ Petitioners identify sections 123.633 and 123.643 as part of title 39, United States Code, but those sections are contained in the Postal Operations Manual. See United States Postal Service Manuals, filed September 21, 2009.

expected to result from discontinuing the West Edmeston post office; (4) the failure of the Postal Service to follow procedures required by law regarding the closures; and (5) factual errors contained in the Final Determination. *Id.* at 1. The Postal Service asserts that it has given these and other statutory issues serious consideration and concludes that the determination to discontinue the West Edmeston post office should be affirmed. *Id.* at 11.

The Postal Service explains that its decision to close the West Edmeston post office was based on several factors, including:

- the postmaster vacancy;
- a minimal workload;
- a variety of other delivery and retail options (including the convenience of rural delivery and retail service);
- minimal impact on the community; and
- expected financial savings.

Id. at 4. The Postal Service contends that it will continue to provide regular and effective postal services to the West Edmeston community when the Final Determination is implemented. *Id.*

The Postal Service also asserts that it has followed all statutorily required procedures and has addressed the concerns raised by Petitioners regarding the effect on postal services, the effect on the West Edmeston community, economic savings, and the effect on postal employees. *Id.* at 10-11.

Public Representative. The Public Representative states that the Postal Service's Final Determination is flawed because it is based on boilerplate language that the Postal Service will maintain a "maximum degree of effective and regular service" when it will probably not maintain such service. PR Comments at 1. The Public Representative suggests that the Final Determination has numerous defects, and based

on those defects, concludes that the Final Determination is inaccurate and should be remanded to the Postal Service to be "updated and corrected." *Id.* at 5.

V. COMMISSION ANALYSIS

The Commission's authority to review post office closings is provided by 39 U.S.C. § 404(d)(5). That section requires the Commission to review the Postal Service's determination to close or consolidate a post office on the basis of the record that was before the Postal Service. The Commission is empowered by section 404(d)(5) to set aside any determination, findings, and conclusions that it finds to be (a) arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with the law; (b) without observance of procedure required by law; or (c) unsupported by substantial evidence in the record. Should the Commission set aside any such determination, findings, or conclusions, it may remand the entire matter to the Postal Service for further consideration. Section 404(d)(5) does not, however, authorize the Commission to modify the Postal Service's determination by substituting its judgment for that of the Postal Service.

A. Notice to Customers

Section 404(d)(1) requires that, prior to making a determination to close any post office, the Postal Service must provide notice of its intent to close. Notice must be given 60 days before the proposed closure date to ensure that patrons have an opportunity to present their views regarding the closing. The Postal Service may not take any action to close a post office until 60 days after its determination is made available to persons served by that post office. 39 U.S.C. § 404(d)(4). A decision to close a post office may be appealed within 30 days after the determination is made available to persons served by the post office. 39 U.S.C. § 404(d)(5).

The Administrative Record indicates the Postal Service took the following steps in providing notice of its intent to close. On May 26, 2011, the Postal Service distributed questionnaires to customers regarding the possible change in service at the West

Edmeston post office. Final Determination at 2. A total of 432 questionnaires were distributed to delivery customers. Other questionnaires were made available at the retail counter. A total of 99 questionnaires were returned. On June 8, 2011, the Postal Service held a community meeting at the West Edmeston Post Office lobby to address customer concerns. Ten (10) customers attended. *Id.*

The Postal Service posted the proposal to close the West Edmeston post office with an invitation for comments at the West Edmeston and Bridgewater post offices from June 24, 2011 to August 25, 2011. Final Determination at 2. The Final Determination was posted at the same two post offices from September 27, 2011 through October 29, 2011. Administrative Record, Item No. 49.

Petitioners express concern about the involvement of two postmasters in the discontinuance process. Citizens Petition at 1. Petitioners state that it is a conflict of interest when an active postmaster wants another post office closed for personal gain. *Id.* The Postal Service responds that it based its continuance decision on the factors listed above and not on the opinions expressed or impact experienced by postmasters. Postal Service Comments at 4, n.8. The Postal Service also notes that this discontinuance action was conducted under an earlier version of United States Postal Service Handbook PO-101. *Id.* at 3, n.4.

The Postal Service has satisfied the notice requirements of 39 U.S.C. § 404(d).

B. Other Statutory Considerations

In making a determination on whether or not to close a post office, the Postal Service must consider the following factors: the effect on the community; the effect on postal employees; whether a maximum degree of effective and regular postal service will be provided; and the economic savings to the Postal Service. 39 U.S.C. § 404(d)(2)(A).

Effect on the community. West Edmeston, New York is an unincorporated community located in Madison County, New York. Administrative Record, Item No. 16. The Administrative Record does not indicate the political body which administers the

community. Police protection is provided by the Cooperstown Sheriff's Department. Fire protection is provided by the West Edmeston Fire Department. The community is comprised of retirees, farmers, those who are self-employed, those who work in local business, and those who commute to work at nearby communities. *Id.* Residents may travel to nearby communities for other supplies and services. *See generally* Administrative Record, Item No. 22 (returned customer questionnaires and Postal Service response letters).

As a general matter, the Postal Service solicits input from the community by distributing questionnaires to customers and holding a community meeting. The Postal Service met with members of the West Edmeston community and solicited input from the community with questionnaires. In response to the Postal Service's proposal to close the West Edmeston post office, customers raised concerns regarding the effect of the closure on the community. Their concerns and the Postal Service's responses are summarized in the Final Determination. Final Determination at 7-9.

Petitioners state that the Postal Service did not accurately assess the recent and potential growth in the community, citing an influx of Amish families. Citizens Petition at 1; Haar Petition at 1. The Postal Service responds that the Administrative Record shows that the Postal Service considered this issue and determined that West Edmeston had experienced minimal or no growth in recent years. Postal Service Comments at 8.

The Public Representative states that the community will be disadvantaged because: customers currently electing to utilize Post Office Box service will be forced to either use rural delivery or travel an additional 16 miles round-trip; customers in need of more complex service than mail collection will have to travel 16 miles roundtrip or "lie in wait at their rural mailbox" for the carrier; and an influx of 25 to 30 Amish families planning to relocate to the West Edmeston service area, who will be particularly disadvantaged if having to travel the round-trip distance to the Bridgewater post office. PR Comments at 1-3.

The Postal Service responds that services provided at the post office are available from the carrier at roadside mailboxes located close to customers' residences. Postal Service Comments at 5. The Postal Service notes that customers express a preference for retention of the Bridgewater post office as a matter of convenience. *Id.* at 6. The Postal Service also responds that individuals that particularly rely on the Postal Service because they do not have access to computers may utilize a range of other services from private businesses or the rural carrier. *Id.* at 6-7. The Postal Service also contends that there has been no indication of growth in the West Edmeston community in recent years. *Id.* at 8.

The Postal Service has adequately considered the effect of the post office closing on the community as required by 39 U.S.C. § 404(d)(2)(A)(i).

Effect on employees. The Postal Service states that the West Edmeston postmaster retired on June 18, 2008 and that an OIC has operated the West Edmeston post office since then. Final Determination at 2. It asserts that after the Final Determination is implemented, the temporary OIC may be separated and that no other Postal Service employee will be adversely affected. *Id.* at 9.

The Postal Service has considered the possible effects of the post office closing on the OIC and has satisfied its obligation to consider the effect of the closing on employees at the West Edmeston post office as required by 39 U.S.C. § 404(d)(2)(A)(ii).

Effective and regular service. The Postal Service contends that it has considered the effect the closing will have on postal services provided to West Edmeston customers. Postal Service Comments at 5. It asserts that customers of the closed West Edmeston post office may obtain retail services at the Bridgewater post office located 8 miles away. Final Determination at 2. Delivery service will be provided by rural carrier service through the Bridgewater post office. The West Edmeston post office box customers may obtain Post Office Box service at the Bridgewater post office, which has 188 boxes available. *Id.*

For customers choosing not to travel to the Bridgewater post office, the Postal Service explains that retail services will be available from the carrier. Postal Service

Comments at 5. The Postal Service adds that it is not necessary to meet the carrier for service since most transactions do not require meeting the carrier at the mailbox. Final Determination at 3, Concern 9.

Petitioners are concerned about certain community residents who do not use computers, arguing that such customers rely more heavily on the post office. Citizens Petition at 1; Haar Petition at 1. The Postal Service responds that alternate access options are available for those customers who do not have computers, including services from the rural carrier. Postal Service Comments at 7.

The Postal Service has considered the issues raised by customers concerning effective and regular service as required by 39 U.S.C. § 404(d)(2)(A)(iii).

Economic savings. The Postal Service estimates total annual savings of \$42,705. Final Determination at 9. It derives this figure by summing the following costs: postmaster salary and benefits (\$48,569) and annual lease costs (\$3,900), minus the cost of replacement service (\$9,764). *Id.*

The Public Representative contends that the Postal Service's economic savings calculation is incomplete because it does not calculate the loss of Post Office Box Service revenue likely to result from the closing. PR Comments at 2. The Public Representative also notes that the Postal Service is attempting to claim postmaster salary as a savings despite the fact that the postmaster was replaced, over three and a half years ago, by a non-career replacement at about half the cost of a postmaster salary. *Id.* at 2-3.

The Commission has previously observed that the Postal Service should include in its estimate of savings those costs likely to be eliminated by the closing. The West Edmeston post office postmaster retired on June 18, 2008. Final Determination at 2. The post office has since been staffed by a non-career OIC who, upon discontinuance of the post office, may be separated from the Postal Service. *Id.* at 9. The postmaster position and the corresponding salary will be eliminated. *See, e.g.,* Docket No. A2011-67, United States Postal Service Comments Regarding Appeal, October 24, 2011, at 13; Docket No. A2011-68, United States Postal Service Comments Regarding

Appeal, November 2, 2011 at 10. Furthermore, notwithstanding that the West Edmeston post office has been staffed by an OIC for approximately three and a half years, even assuming the use of the presumably lower OIC salary, the Postal Service would have satisfied the requirements of section 404(d)(2)(A)(iv).

Petitioners argue that the savings generated from closing small town post offices, such as West Edmeston, will not solve the financial problems of the Postal Service. Citizens Petition at 1. The Postal Service responds that while the savings may seem insignificant to Petitioners, they are significant to the overall cost reduction focus of the Postal Service. Postal Service Comments at 9.

Overall, the Postal Service estimates that administering delivery service from the Bridgewater post office would cost the Postal Service substantially less than maintaining the West Edmeston post office, and would still provide regular and effective service. *Id.*

The Postal Service has satisfied the requirement that it consider economic savings as required by 39 U.S.C. § 404(d)(2)(A)(iv).

VI. CONCLUSION

The Postal Service has adequately considered the requirements of 39 U.S.C. § 404(d). Accordingly, the Postal Service's determination to close the West Edmeston post office is affirmed.¹¹

It is ordered:

The Postal Service's determination to close the West Edmeston, New York post office is affirmed.

By the Commission.

Shoshana M. Grove Secretary

¹¹ See footnote 4, supra.

DISSENTING OPINION OF CHAIRMAN GOLDWAY

The Administrative Record is inaccurate with regard to economic savings. As such, the Postal Service has not adequately considered economic savings as required by 39 U.S.C. § 404(d)(2)(A)(iv).

The Postal Service argues that savings should be calculated based on a full-time postmaster's salary. Yet the West Edmeston post office has been operated by a non-career officer-in-charge (OIC) since the former postmaster retired on June 18, 2008. On the one hand, the Postal Service argues that the effect on employees of this closing will be minimal because only an OIC will be eliminated; yet on the other hand, it argues that the savings should be calculated using a full-time postmaster position. A non-career OIC has been in place for more than 3 years. Given this extended period of time and the Postal Service's current financial difficulties, it is clear that the Postal Service has no obligation to maintain a full-time postmaster in small facilities such as West Edmeston. Upon closure of the facility, the Postal Service may, at most, avoid continuing to pay the OIC level salary.

The Postal Service already claims billions of dollars in savings from reducing labor costs. I believe the savings from substituting OICs in postmaster positions throughout the nation have already been included in those billions. There are inherent and blatant contradictions in the Administrative Record that must be corrected on remand.

It is not the statutory responsibility of the Commission to correct the Administrative Record for the Postal Service and certainly not to make its own surmise about what and/or whether there would be savings if accurate data were in the Administrative Record. Therefore, the decision to close should be remanded to the Postal Service to correct the Administrative Record and present a more considered evaluation of potential savings.

In addition, the Administrative Record describes a 20 percent increase in revenue over the last 3 years, indicating potential for growth from area businesses. This increase in revenue affirms the Petitioner's argument that the Postal Service did not adequately consider the impact on the community, and contradicts the Postal Service's list of reasons to consider closing the post office which includes a statement that there is minimal workload and low revenue. Interest in the use of the mail in a community and the potential for growth should be considered as part of both the potential economic savings and the impact on the community. Therefore, the Postal Service also did not adequately consider the impact of the closure on the community as required by 39 U.S.C. § 404(d)(2)(A)(i).

The Commission has recently issued its Advisory Opinion in Docket No. N2011-1, pointing to the fact that the Postal Service's post office closing plans do not optimize the network. In the case of West Edmeston, the failure to undertake actual retail network optimization is exhibited by the Postal Service selecting for closure a post office with strong and increasing revenue, and presenting the community with the option of a receiving post office that might also close. This proposed closing should be reconsidered. Based on growing revenue, West Edmeston appears to be a candidate for inclusion in an optimal retail network.

Additionally, the community includes an Amish population which may rely disproportionately more on postal services yet may have access to fewer transportation options. An 8.7 mile driving distance to the next nearest post office in Bridgewater poses a significant impediment to access for those who rely exclusively on non-motorized vehicles and the longer time such a round trip would require. The Administrative Record does not demonstrate that the Postal Service took the special needs of this community into consideration.

Finally, the Postal Service recently announced a moratorium on post office closings. It is confusing and perhaps unfair to require some citizens whose post offices

Docket No. A2012-41

have received a discontinuance notice as of December 12, 2011 to gather evidence and pursue an appeal to the Commission, while others whose post offices were in the review process, but had not yet received a discontinuance notice by December 12, 2011, have the respite of a 5-month moratorium and the opportunity to have further consideration of alternatives by the Postal Service.

The citizens of West Edmeston, New York and their concerns regarding the loss of a neighborhood post office should be afforded the same opportunity to be heard and considered as the citizens of the approximately 3,700 post offices fully covered by the moratorium.

Ruth Y. Goldway

DISSENTING OPINION OF VICE CHAIRMAN LANGLEY

The Postal Service did not adequately consider the economic savings as required by 39 U.S.C. § 404(d)(2)(A)(iv). The Postal Service should take into consideration that a non-career postmaster relief (PMR) has been in charge of this facility since June 2008, not an EAS-13 postmaster, and reflect the PMR's salary and benefits in its cost savings analysis. As a government entity, the Postal Service should ensure that its cost/benefit analysis accurately identifies capturable cost savings and does not overstate savings.

I find that the Administrative Record evidence does not support the Postal Service's decision to discontinue operations at the West Edmeston post office and should be remanded.

Nanci E. Langley